

SENATE BILL 396

Q7
SB 691/09 – B&T

0lr1908

By: **Senator Middleton**

Introduced and read first time: January 29, 2010

Assigned to: Budget and Taxation

A BILL ENTITLED

1 AN ACT concerning

2 **Maryland Estate Tax – Payment Deferral for Qualified Agricultural Property**

3 FOR the purpose of providing for a certain payment deferral under certain
4 circumstances for certain Maryland estate tax imposed on certain agricultural
5 property; providing that Maryland estate tax subject to a payment deferral shall
6 become due immediately under certain circumstances; providing for the
7 application of this Act; defining certain terms; and generally relating to a
8 payment deferral under certain circumstances for certain Maryland estate tax
9 imposed on certain agricultural property.

10 BY adding to

11 Article – Tax – General

12 Section 7–307(e)

13 Annotated Code of Maryland

14 (2004 Replacement Volume and 2009 Supplement)

15 SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF
16 MARYLAND, That the Laws of Maryland read as follows:

17 **Article – Tax – General**

18 7–307.

19 **(E) (1) (I) IN THIS SUBSECTION THE FOLLOWING WORDS HAVE**
20 **THE MEANINGS INDICATED.**

21 **(II) “FARMING PURPOSES” HAS THE MEANING STATED IN §**
22 **2032A(E)(5) OF THE INTERNAL REVENUE CODE.**

EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.



1 (III) “QUALIFIED AGRICULTURAL PROPERTY” MEANS REAL
2 OR PERSONAL PROPERTY THAT IS USED PRIMARILY FOR FARMING PURPOSES.

3 (IV) “QUALIFIED RECIPIENT” MEANS AN INDIVIDUAL WHO
4 ENTERS INTO AN AGREEMENT TO USE QUALIFIED AGRICULTURAL PROPERTY
5 FOR FARMING PURPOSES AFTER THE DECEDENT’S DEATH.

6 (2) SUBJECT TO THE PROVISIONS OF THIS SUBSECTION, ON
7 APPLICATION OF THE PERSON RESPONSIBLE FOR PAYING THE MARYLAND
8 ESTATE TAX, THE COMPTROLLER SHALL ALLOW A PAYMENT DEFERRAL FOR UP
9 TO 5 YEARS FROM THE DUE DATE SPECIFIED IN § 7-306 OF THIS SUBTITLE FOR
10 THE MARYLAND ESTATE TAX IMPOSED ON QUALIFIED AGRICULTURAL
11 PROPERTY THAT PASSES FROM THE DECEDENT TO OR FOR THE USE OF A
12 QUALIFIED RECIPIENT.

13 (3) THE AMOUNT OF TAX ELIGIBLE FOR A PAYMENT DEFERRAL AS
14 PROVIDED UNDER THIS SUBSECTION IS THE AMOUNT DETERMINED BY
15 MULTIPLYING THE MARYLAND ESTATE TAX BY A FRACTION:

16 (I) THE NUMERATOR OF WHICH IS THE VALUE OF
17 QUALIFIED AGRICULTURAL PROPERTY THAT PASSES FROM THE DECEDENT TO
18 OR FOR THE USE OF A QUALIFIED RECIPIENT; AND

19 (II) THE DENOMINATOR OF WHICH IS THE VALUE OF THE
20 GROSS ESTATE OF THE DECEDENT.

21 (4) NOTWITHSTANDING A PAYMENT DEFERRAL UNDER THIS
22 SUBSECTION, THE MARYLAND ESTATE TAX ON QUALIFIED AGRICULTURAL
23 PROPERTY THAT PASSES FROM THE DECEDENT TO OR FOR THE USE OF A
24 QUALIFIED RECIPIENT DEFERRED UNDER THIS SECTION SHALL BECOME DUE
25 IMMEDIATELY IF THE QUALIFIED RECIPIENT CEASES TO USE THE QUALIFIED
26 AGRICULTURAL PROPERTY FOR FARMING PURPOSES BEFORE THE TAX IS PAID.

27 (5) NOTWITHSTANDING § 13-601(D) OF THIS ARTICLE, INTEREST
28 DOES NOT BEGIN ON UNPAID MARYLAND ESTATE TAX THAT IS ALLOWED A
29 PAYMENT DEFERRAL UNDER THIS SUBSECTION UNTIL THE TAX IS DUE UNDER
30 THIS SUBSECTION.

31 (6) TO BE ELIGIBLE FOR A PAYMENT DEFERRAL UNDER THIS
32 SUBSECTION, A QUALIFIED RECIPIENT SHALL:

33 (I) FILE AN APPLICATION FOR THE PAYMENT DEFERRAL
34 AND ENTER INTO AN AGREEMENT IN A FORM SPECIFIED BY THE COMPTROLLER

1 TO USE THE QUALIFIED AGRICULTURAL PROPERTY FOR FARMING PURPOSES
2 AFTER THE DECEDENT'S DEATH; AND

3 (II) FILE PERIODIC REPORTS OR ALLOW PERIODIC
4 INSPECTIONS AS REQUIRED BY THE COMPTROLLER TO ADMINISTER THE
5 PROVISIONS OF THIS SUBSECTION.

6 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect
7 July 1, 2010, and shall be applicable to decedents dying after December 31, 2010.